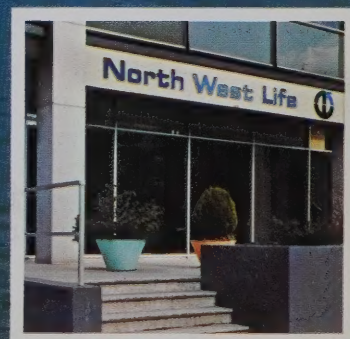


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NEWCO FINANCIAL CORPORATION

Annual Report 1975



Newco Financial and Operating Highlights

	1975	1974	% Increase
New Life Insurance and Annuities Issued.....	\$ 82,560,000	\$ 41,000,000	101.4
Life Insurance and Annuities in Force	300,395,000	240,000,000	25.2
Total Life Company Assets	20,322,000	16,948,000	19.9
Benefits paid to policy owners and beneficiaries ...	2,407,000	2,090,000	15.2
Shareholders' Equity	11,047,000	10,836,000	1.9
Net Income for the Year	394,000	453,000	-13.0
Earnings per share	1.92	2.07	- 7.2

Contents

1	Financial and Operating Highlights
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4	Life Insurance Growth Projections
5	Auditor's Report
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President's Report



It is my pleasure once again to report a year of aggressive growth by your company, resulting in a substantially increased volume of new business.

As you will note from the operating highlights and the financial statements which follow, virtually every indicator points to the continued pattern of growth which has characterized your company's activities in past years. In my opinion, this is a particularly noteworthy performance in an economic climate that was anything but buoyant, and during a period of inflation, inflationary controls, and a sense of uncertainty on the part of both business and consumers.

I should like to have reported to you an increase in net income for fiscal 1975 which paralleled the other positive indicators of this report — and which reflected my own feeling of confidence and satisfaction. However, the cost of expansion and increased business is always substantial, particularly in the volume achieved last year. These costs are reflected in a somewhat reduced profitability. As you know, the income from writing new business in the insurance field is not reflected in the operating results within the first few years after the sale of new policies. It is, so to speak, money in the bank for future years as the policies mature and contribute to profitability. Bear in

mind, too, that your company's net income, although lower than the record year of 1974, was still higher than the very satisfactory performance of fiscal 1973.

Our principal subsidiary, **The North West Life Assurance Company of Canada**, completed yet another very successful year, especially in its expansion program in the United States. The company is now active in Washington, Oregon and the populous state of California, and has licensed General Agents in both Utah and Louisiana.

As a result, the total of New Ordinary Life Insurance Issued increased dramatically by 101%, from \$41,000,000 to \$82,560,000. Total Business in Force, including Annuities, rose from \$240,000,000 to \$300,395,000 for an increase of 25%. Premium Income also grew going from \$4,158,000 to \$5,049,000 and representing a 21% advance over fiscal 1974. Investment Income experienced comparable growth, recording a 21% rise from \$1,244,000 to \$1,504,000.

It is encouraging to note that this company recorded life insurance sales of some \$22,199,000 in the last two months of 1975 alone. In my view, this strong impetus going into 1976 augurs well for the year ahead.

NW Investments Ltd., our wholly-owned mutual fund subsidiary, performed well in a year of mixed market

performance. Sound management going into 1975 had positioned the funds to take full advantage of market optimism when and where it occurred.

For example, the net asset value of the NW Equity Fund (including dividends), increased 65.5% during calendar year 1975, considerably outperforming both the Toronto Stock Exchange Index at 9.9% and the Dow Jones Industrial Index at 38.5%. The NW Growth Fund, too, outperformed both major market indices with a gain in net asset value of 43.8%. Both funds primarily invest in U.S. equities.

The NW Canadian Fund, as the name implies, invests in Canadian equities. After a strong first half advance, it shared with many other funds the influence of the Canadian market's adjustment in the second half of the year. However, the fund performed better than the TSE Industrial Index by showing a gain in net asset value of 10% for the year.

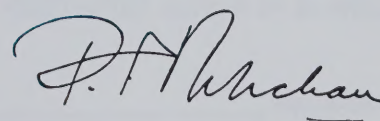
Going into 1976, the buoyancy of the U.S. markets has already made itself felt, and I am confident that the Canadian markets will not lag far behind or be less sustained. With inflation moderating, and optimism growing, I anticipate continued improvement in the performance of these funds.

Our real estate division, **NWF Realty Services Ltd.**, continues to experience satisfactory growth and to

generate profits. Although the real estate market began slower in 1975, the pace of sales picked up during the year and closed strongly — a good indicator, I feel, for the year ahead.

The company's first major development project — a residential sub-division near Vancouver — was completed during the year and all units were sold. With the demand for housing still very strong, the project was profitable for the company and, in addition was an excellent source of mortgage investment for our life insurance funds.

A company's success is always the measure of the attitudes and energies of its people, and we are indeed fortunate in the very high calibre of our staff and agents. I know you would want to join me in thanking them for their year-long contribution to the company's growth and to congratulate them on the results represented by this report.

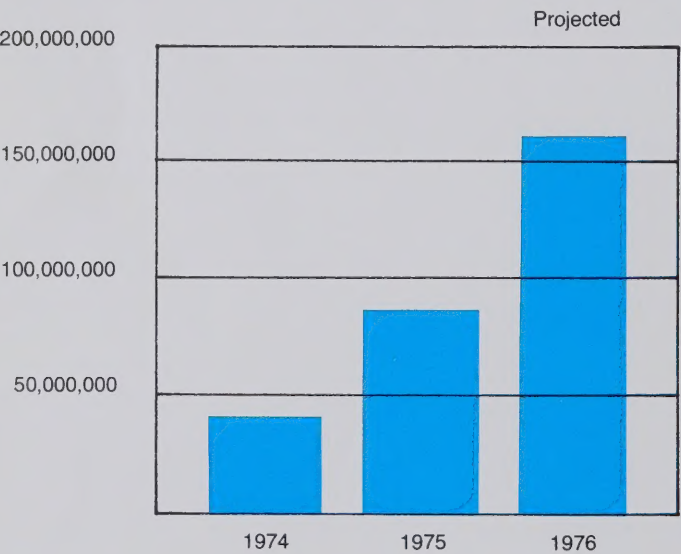


PETER G. ROPCHAN
President

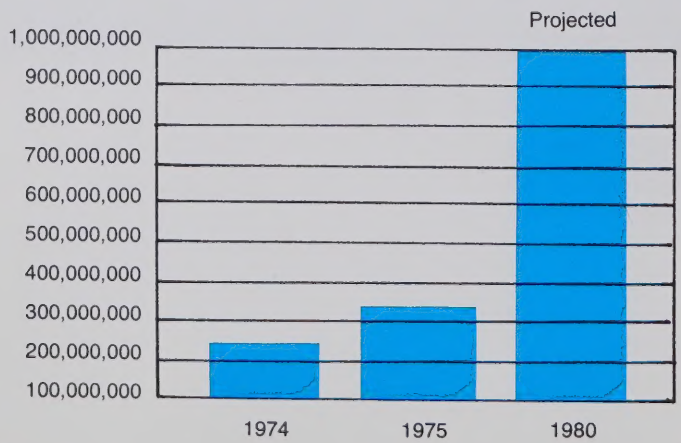
Life Insurance growth projections

One of the obvious questions that a shareholder or potential investor should ask about a company is: "what are the prospects for long-term growth?" We believe these two tables, based on realistic projections, answer that question as it relates to our principal business, life insurance.

North West Life: New Business 1974-1976



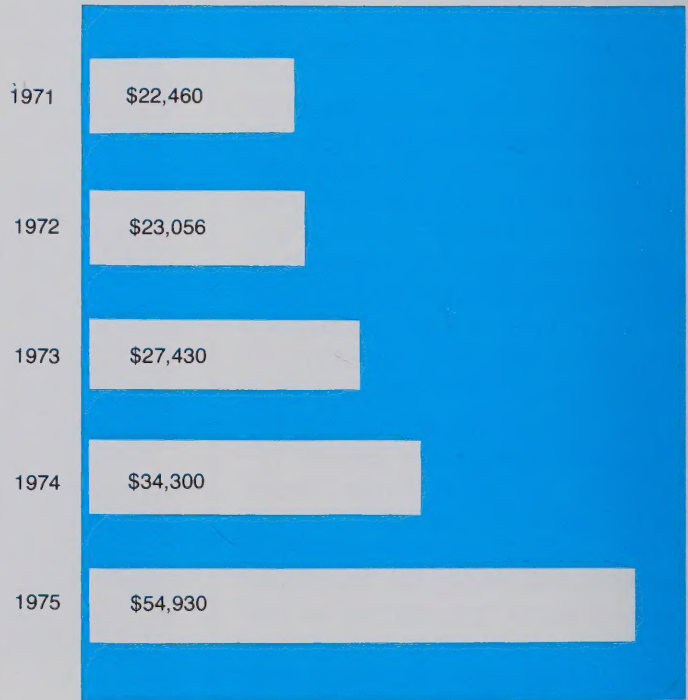
North West Life: Life Insurance Business in Force 1974-1980



Another indicator of the effectiveness of our life insurance sales force, the acceptability of our policies, and the quality of business being written, is suggested by this table of comparative average policy size.

As might be appreciated, larger policies tend to be undertaken by families in higher income brackets; and the larger the policy and premiums, the greater the incentive for the insured to maintain the policy in force.

North West Life Average Policy Size



The average size life policy written by Canadian life insurance companies in 1974 (the latest figure available) was \$22,958.

Auditors' Report

The Shareholders,
Newco Financial Corporation.

We have examined the consolidated balance sheet of Newco Financial Corporation and its subsidiaries as at December 31, 1975 and the consolidated statements of income and retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on

the determinations certified by the Life Assurance Subsidiary's actuary as to the stated liabilities under insurance contracts.

A substantial portion of these consolidated financial statements relate to the Life Assurance Subsidiary which are presented in accordance with accounting practices prescribed by insurance regulatory bodies which differ in certain respects, which in some instances may be material from generally accepted accounting principles. The more significant differences are described in Note 1.

In our opinion these consolidated

financial statements present fairly the financial position of the companies as at December 31, 1975 and the results of their operations and the changes in their financial position for the year then ended, in accordance with accounting practices prescribed by regulatory bodies as referenced in the above paragraph applied on a basis consistent with that of the preceding year.

TOUCHE ROSS & CO.
Chartered Accountants.

Vancouver, B.C.,
January 26, 1976.

Consolidated Balance Sheet

as at December 31, 1975

ASSETS

	1975	1974
Bonds at amortized cost.....	\$ 5,011,000	\$ 4,682,000
Stocks at cost	694,000	507,000
Mortgage loans on real estate	12,136,000	9,520,000
Real estate held for investment at cost	—	155,000
Policy loans secured by cash surrender values	982,000	1,032,000
Cash and term deposits	350,000	213,000
Segregated equity investment fund at market value.....	515,000	314,000
Premium and investment income receivable	674,000	569,000
Shares held in managed mutual funds at cost	10,000	10,000
Office premises and computer installation, at cost less accumulated depreciation and amortization of \$250,000 (1974 \$205,000).....	223,000	301,000
Investment in life insurance portfolio, fund management contracts and related agency forces — Note 2.....	8,490,000	8,504,000
	<u>\$29,085,000</u>	<u>\$25,807,000</u>

LIABILITIES

	1975	1974
Policy reserves	\$13,108,000	\$10,908,000
Other obligations to policyholders	3,032,000	2,719,000
Segregated equity fund policy liabilities	515,000	314,000
Reserve for security valuation	706,000	555,000
Accounts payable and accrued liabilities	500,000	313,000
Due to shareholders on share consolidation — Note 4	107,000	162,000
Demand bank loan	70,000	—
	\$18,038,000	\$14,971,000

SHAREHOLDERS' EQUITY

SHARE CAPITAL — NOTE 3:

Authorized		
419,000 common shares of no par value		
Issued and fully paid		
201,470 common shares	10,257,000	10,289,000
RETAINED EARNINGS	790,000	547,000
	\$29,085,000	\$25,807,000

On behalf of the Board:

P. G. Ropchan, Director

A. Libin, Director

Notes to the Consolidated Financial Statements

December 31, 1975

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements for the year ended December 31, 1975 include the accounts of the following subsidiaries:

	Percent of Ownership
The North West Life Assurance Company of Canada	99%
NW Fund Management Ltd.	100%
NW Investments Ltd.	100%
NW Publications Ltd.	100%
NWF Realty Services Ltd.	100%
R. M. Thomson & Co. Ltd.	100%

All material inter-company transactions have been eliminated.

ACCOUNTING POLICIES

Substantially all of the consolidated accounts represent the accounts of the Life Assurance subsidiary, which have been prepared on the basis of accounting practices prescribed or permitted by insurance regulatory authorities. Significant regulatory accounting practices which differ in material respects from generally accepted accounting principles include the following:

Revenue and Expenses

Premium revenues are recognized as they become due. Expenses, including the acquisition costs of new business are charged to operations as

incurred rather than being amortized, against the related premium income, over the expected policy life. This results in a reduction of the net income reported during periods of business growth.

Investments in Bonds and Stocks

Bonds and stocks are required to be carried at values prescribed by the regulatory insurance authorities which provisions require the establishment of a security valuation reserve against market fluctuations.

Policy Reserves

Statutory life policy and annuity contract reserves represent policy liabilities computed under methods prescribed by government regulations which methods specify the mortality table to be used, the rate of interest to be assumed and the formula to be applied. Statutory interest assumptions are at times lower than actual yields which tends to defer recognition of income.

Corporate Income Taxes

Income taxes are reported on an actual taxes payable basis rather than the tax allocation basis.

NOTE 2 — LIFE INSURANCE PORTFOLIO, FUND MANAGEMENT CONTRACTS AND RELATED AGENCY FORCES

This amount arose principally during 1969 and 1970 on the acquisition of the Life Insurance and Mutual Fund Management subsidiary companies and represents the cost of the acquisitions less the capital and surplus of the subsidiaries at the dates of acquisition.

NOTE 3 — SHARE CAPITAL

On October 3, 1975 the share capital was reduced by the company acquiring 2,954 shares at the rate of \$10.80 per share:

	Number	Value
Transactions summary:		
Issued		
December 31, 1974	204,424	\$10,288,692
Reduction of capital on acquisition of shares	2,954	31,903
Issued		
December 31, 1975	201,470	\$10,256,789

Common Shares Reserved

There are 3,772 shares of the North West Life Assurance Company of Canada outstanding which could as a result of an offer outstanding, be exchanged for and result in the issuance of 1,132 shares of Newco Financial Corporation.

Pursuant to a director's resolution dated September 23, 1969, options may be granted for share purchase

plans to employees of the company or its subsidiaries. The total number of options outstanding and exercisable at December 31, 1975 expiring at varying dates over the next four years are 900 at \$30, 152 at \$50 per share.

NOTE 4 — DUE TO SHAREHOLDERS

This amount represents the unpaid balance arising from the share consolidation in 1974.

NOTE 5 — INCOME TAXES

At December 31, 1975 the North West Life Assurance Company of Canada has policy reserves amounting to approximately \$3,000,000 which have not been claimed for tax purposes and which are available to apply against future income to reduce income taxes thereon.

NOTE 6 — REMUNERATION OF DIRECTORS AND OFFICERS

The aggregate remuneration paid to directors and senior officers was \$189,000 (1974 — \$179,000).

NOTE 7 — EARNINGS PER SHARE

Earnings per share have been computed using the weighted average number shares outstanding during the year after giving effect to the reduction of shares.

Consolidated Statement of Income

for the year ended December 31, 1975

INCOME:	1975	1974 (Restated)
Life premiums and annuity considerations.....	\$ 5,049,000	\$ 4,158,000
Investment income	1,504,000	1,244,000
Mutual fund management and related fees	744,000	789,000
Realty and other income	232,000	239,000
Total income	<u>7,529,000</u>	<u>6,430,000</u>
 PAYMENTS TO POLICYHOLDERS AND BENEFICIARIES:		
Death benefits	900,000	760,000
Annuity benefits	204,000	122,000
Other assurance contract benefits	1,128,000	1,047,000
Dividends	175,000	161,000
	<u>2,407,000</u>	<u>2,090,000</u>
INSURANCE POLICY RESERVE PROVISIONS	<u>2,132,000</u>	<u>1,592,000</u>
 EXPENSES:		
Sales	1,272,000	875,000
Administration	1,274,000	1,399,000
Depreciation and amortization	50,000	50,000
	<u>2,596,000</u>	<u>2,324,000</u>
Total appropriation and expenses	<u>7,135,000</u>	<u>6,006,000</u>
INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	394,000	424,000
Income taxes — Notes 1 and 5	20,000	(29,000)
INCOME BEFORE EXTRAORDINARY ITEM	374,000	453,000
Reduction of income taxes due to application of loss carried forward	20,000	—
NET INCOME FOR THE YEAR	<u>\$ 394,000</u>	<u>\$ 453,000</u>
 EARNINGS PER SHARE — NOTE 7:		
Income before extraordinary item	\$ 1.82	\$ 2.07
Net income for the year	<u>\$ 1.92</u>	<u>\$ 2.07</u>

Consolidated Statement of Retained Earnings

for the year ended December 31, 1975

	1975	1974 (Restated)
Retained earnings at beginning of the year	\$ 560,000	\$ 272,000
Less: Adjustment of 1974 income taxes on investment income	13,000	—
Retained earnings as restated	547,000	272,000
Net income for the year	394,000	453,000
	941,000	725,000
Increase in the reserve for security valuation.....	(151,000)	(178,000)
Retained earnings at the end of the year	\$ 790,000	\$ 547,000

Consolidated Statement of Changes in Financial Position

for the year ended December 31, 1975

	1975	1974
SOURCE OF CASH:		
From operations		
Net income for the year	\$ 394,000	\$ 453,000
Items not requiring an outlay of cash including increase in policy reserves, deposit liabilities, future dividends and policy claims awaiting proof	<u>2,530,000</u>	<u>1,953,000</u>
Total cash from operations	2,924,000	2,406,000
From sale and repayment of investments		
Bonds and stocks	632,000	277,000
Mortgages	1,924,000	496,000
Real estate	733,000	159,000
From changes in other accounts	<u>152,000</u>	<u>—</u>
Total source of cash	<u>6,365,000</u>	<u>3,338,000</u>
USE OF CASH:		
Cost of investments purchased		
Bonds and stocks	1,148,000	328,000
Mortgages	4,540,000	2,285,000
Real estate	578,000	8,000
Reduction in share capital	32,000	150,000
Changes in other accounts	<u>—</u>	<u>178,000</u>
Total application of cash	<u>6,298,000</u>	<u>2,949,000</u>
Increase in cash	67,000	389,000
Cash and short-term deposits less bank indebtedness, beginning of the year	<u>213,000</u>	<u>(176,000)</u>
Cash and short-term deposits less bank indebtedness, end of the year	<u>\$ 280,000</u>	<u>\$ 213,000</u>

Newco Statistical Review

	1975 (000's)	1974 (000's)	1973 (000's)	1972 (000's)	1971 (000's)
NEW LIFE INSURANCE AND ANNUITIES ISSUED	\$ 82,560	\$ 41,000	\$ 33,500	\$ 21,600	\$ 26,400
LIFE INSURANCE AND ANNUITIES IN FORCE	300,395	240,000	220,700	218,192	212,911
MUTUAL FUND ASSETS UNDER ADMINISTRATION	23,612	18,500	27,400	38,000	38,500
Life premiums and annuity considerations	\$ 5,049	\$ 4,158	\$ 4,204	\$ 3,129	\$ 3,087
Investment income	1,504	1,244	975	819	691
Mutual fund management and related fees	744	789	849	815	754
Real Estate Commissions and Fees	130	95	11	—	—
Other	102	144	40	2	—
Total	7,529	6,430	6,079	4,765	4,532
Payments to Policyholders and Beneficiaries	2,407	2,090	1,608	1,588	1,394
Increase in Policyholder reserves	2,132	1,592	2,068	995	935
Operating Income	394	424	368	412	445
Income taxes			99	48	120
Net Income (loss)	\$ 394	\$ 453	\$ 307	\$ 403	\$ 340
Earnings per share					
— income before extraordinary items	\$1.82	\$2.07	\$1.21	\$1.60	\$1.40
— from extraordinary items10	—	.20	.20	.10
— for the period	\$1.92	2.07	\$1.41	\$1.80	\$1.50

Earnings per share figures for 1973 and prior years have been restated in terms of consolidated shares.

Management Report: First with People

All companies, whatever sector of the economy they occupy, are in essentially the same business — the business of searching for, recognizing, understanding and meeting the needs of people. The product or service that is not planned and produced with this single objective in mind will surely fail; by the same token, the business that is strongly motivated by this objective — as your company is — cannot help but succeed. By attracting customers it will inevitably attract confident, competent management and staff, ample financing, and the support and satisfaction of its owners, the shareholders.

In earlier days it was a good deal easier to reach and maintain this objective. Once a need-fulfilling product or service was developed, it could anticipate a long and profitable life, relatively unchanged by technology, seldom threatened by competition from outside its own immediate market area. But the world today proceeds at a faster pace. The successful business must remain continually responsive to changing needs, changing lifestyles, changing patterns of population, changing socioeconomic factors, the changing influence of competition.

We are fortunate in that the psychological needs for the service

we provide remain constant — the need for financial security, peace of mind, protection of the family unit, attractive housing — but we are constantly striving to make the format and content of these services marketable in a changing world.

For example, our insurance subsidiary has developed a number of new insurance plans to provide maximum protection at low cost for young people, many of whom would be otherwise unwilling or unable to secure the protection they need. These Modified Whole Life, Modified Term and Modified Annual Renewable Term plans include a number of special features, among them the repayment of a portion of the first year's premium with interest at 7.2% providing the policy is held for a minimum of ten years. This provision is attractive to the policyholder and to your company. It helps to ensure that our investment in acquisition costs will be more than met by premium income over a period of years.

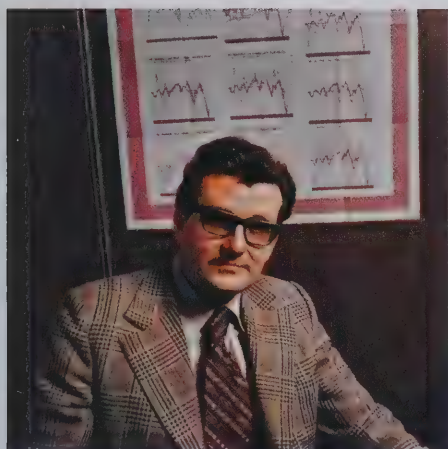
Our rapid expansion into the United States, too, is indicative of our intention to provide innovative insurance programs wherever the need exists, especially in markets which we feel are inadequately served now. The high degree of acceptance we have achieved in a relatively short span of time is most gratifying. It

bears out our philosophy that people-oriented and progressive companies will always enjoy a good measure of success.

The ownership of a home is also a strong psychological need which we recognize and are helping to meet. By providing conventional mortgage funds for the construction of single family dwellings we are able to provide more and better housing.

Our three mutual funds, too, are essentially people-oriented. They recognize the need — and the right — of the small investor to have access to a sophisticated level of investment management in the often complex world of personal finance.

The philosophy of your company will continue to be, quite simply, to search for, recognize, understand and meet the needs of people, whatever form those needs may take. That, we believe, is the sole source of sales, profits, dividends . . . and genuine satisfaction in the work we do.



Left: Rudy North, Vice-president of Phillips Hager & North Ltd., investment advisors to the three mutual funds.

Below: Diversification of the Company's activities are further demonstrated in this portion of a housing development in Surrey, B.C., which was completed in 1975.



Directors

Ronald S. Bennetts
President, R.S. Bennetts Ltd.
Calgary, Alberta

Einar M. Gunderson
Director, Bank of British Columbia
Vancouver, B.C.

Ernest A. Johnson
Physician & Surgeon
Calgary, Alberta

Ralph J. Leonard
President, Leonard Tire Mart Ltd.
Lethbridge, Alberta

Alvin G. Libin
President, Villacentres Limited
Calgary, Alberta

George L. Murray, Q.C.
Barrister & Solicitor
Burnaby, B.C.

Peter G. Ropchan
President, Newco Financial Corp.
West Vancouver, B.C.

H.J.C. Terry
President, Potter Distilleries Ltd.
North Vancouver, B.C.

George A. Wilkinson
President, Interprovincial Construction Ltd.
Vancouver, B.C.

Officers

P.G. Ropchan, *President*

A.G. Libin, *Executive Vice-President*

A.W. Putz, *Vice-President, Secretary-Treasurer*

A.L. Thomson, *Vice-President, Chief Actuary*

C.W. Kraemer, *Vice-President, Marketing*

Head Office

1281 Georgia Street,
Vancouver, Canada

Registrar and Transfer Agents

The Canada Permanent Trust

Bankers

The Toronto-Dominion Bank

Shareholders' Auditors

Touche Ross & Co., Vancouver, B.C.

Shares Listed

Vancouver Stock Exchange
Toronto Stock Exchange

Subsidiary Companies

The North West Life Assurance Company of Canada
NW Investments Ltd.

Distributors of

NW Canadian Fund Ltd.

NW Equity Fund Ltd.

NW Growth Fund Ltd.

NW Income Fund Ltd.

NW Publications Ltd.

NWF Realty Services Ltd.

■ Yellowknife, N.W.T.

Now . . .
140 Agents serving
40 communities in
Canada and
United States





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**NEWCO
FINANCIAL
CORPORATION**

[Formerly NW Financial Corporation Ltd.]

FOR THE SIX MONTHS ENDED JUNE 30, 1975

NEWCO FINANCIAL CORPORATION
REPORT TO SHAREHOLDERS

TO OUR SHAREHOLDERS:

Our results for the period ending June 30th, 1975 reveals revenue amounting to \$4,169,000 compared to \$3,566,000 for the same period last year, an increase in revenue of 17%.

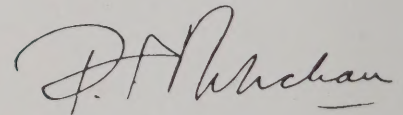
Life Insurance sales rose to an all time high, being 108% over the same period last year, with annuities showing an increase of 31% over last year's corresponding period. We are extremely pleased with the increase in sales and enthusiastically subscribe to even greater increases for the balance of the year.

While the production of greater amount of new business has slight negative effect on immediate profitability, it is to be considered an investment in additional future profits from business in force, a condition which occurs in the life insurance business due to the statutory requirements of writing off all expenses incurred in the production during the first year rather than amortization.

We are pleased to report that our group of funds has shown marked improvement during the first six months of the year. NW Growth Fund shows an increase of 48.47%, NW Equity 57.06% and NW Canadian 23.79%, in per share net asset values.

Notwithstanding increased revenue, the net profit for the first half of the year amounts to \$202,000 or 99¢ per share compared to \$247,000 or \$1.13 per share for the same period of 1974. Despite the slight reduction in profits during the first half, we have every reason to believe that our year end net profit results should exceed those of 1974.

Respectfully Submitted



P.G. Ropchan,
President

NEWCO FINANCIAL CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 1975

	1975	1974
Income		
Insurance premiums	\$2,890,000	\$2,471,000
Investment income	706,000	575,000
Mutual fund revenue	496,000	457,000
Real estate fees	49,000	27,000
Other income	28,000	36,000
	<u>4,169,000</u>	<u>3,566,000</u>
Charges Against Revenue		
Insurance policy reserve provision	1,383,000	1,354,000
Payments to policyholders and beneficiaries....	1,256,000	799,000
General operating expenses	601,000	635,000
Commissions	680,000	470,000
Depreciation and leasehold amortization	24,000	39,000
Premium and other taxes	37,000	25,000
Interest	-	4,000
	<u>3,981,000</u>	<u>3,326,000</u>
Operating Income	188,000	240,000
Provision for income taxes	3,000	12,000
Income before minority interest & extraordinary items	185,000	252,000
Minority interest	(2,000)	(5,000)
Income before extraordinary items	<u>183,000</u>	<u>247,000</u>
Extraordinary items	19,000	-
Net income for the period	<u>\$ 202,000</u>	<u>\$ 247,000</u>
Earnings per share before extraordinary items	\$ 0.90	\$ 1.13
Earnings per share for the period	\$ 0.99	\$ 1.13

The above figures are subject to audit.

NEWCO FINANCIAL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS
FOR THE SIX MONTHS ENDED JUNE 30, 1975

	1975	1974
Source of Funds		
From Operations		
Net income for the period	\$ 202,000	\$ 247,000
Items not requiring outlay of cash		
Increase in policy reserves	1,383,000	1,271,000
Increase in deposit liabilities	111,000	72,000
Increase (decrease) in policy claims		
awaiting proof	(163,000)	61,000
Depreciation and amortization	24,000	20,000
Deferred charges written off	19,000	61,000
Recovery of deferred tax	(15,000)	(20,000)
Minority interest in net income of subsidiary company	2,000	5,000
	<u>1,563,000</u>	<u>1,717,000</u>
From Investments		
Bonds sold	245,000	177,000
Mortgage repayments	1,021,000	620,000
Decrease in policy loans	14,000	-
Short term notes	50,000	-
	<u>1,330,000</u>	<u>797,000</u>
From Accounts Receivable	32,000	5,000
Increase in bank indebtedness	476,000	41,000
Other	41,000	5,000
	<u>549,000</u>	<u>51,000</u>
	<u>3,442,000</u>	<u>2,565,000</u>
Use of Cash		
Increase in policy loans	-	102,000
Increase in investment income due and accrued	33,000	128,000
Increase in deferred charges	2,000	9,000
Reduction of long term debt	-	70,000
Reduction of mortgage payable	-	108,000
Reduction of liability to shareholders	45,000	-
Reduction of miscellaneous liabilities	247,000	-
Contingency fund deposit	5,000	-
	<u>332,000</u>	<u>417,000</u>
Cost of investments:		
Fixed assets	5,000	15,000
Mortgage loans	2,549,000	1,653,000
Bonds purchased	645,000	212,000
Stocks purchased	-	15,000
Short term notes	-	270,000
Real estate improvements	318,000	-
Other	20,000	12,000
	<u>3,537,000</u>	<u>2,177,000</u>
	<u>3,869,000</u>	<u>2,594,000</u>
Increase (decrease) in cash	<u>(\$ 427,000)</u>	<u>(\$ 29,000)</u>